



Agenda Date: 4/20/2016
Agenda Placement: 8A

Napa Sanitation District Board Agenda Letter

TO: Honorable Board of Directors

FROM: Jeff Tucker - Director of Administrative Services/CFO
NS-Administration

REPORT BY: Jeff Tucker, Director of Administrative Services/CFO - 707-258-6000

SUBJECT: Accept the District's Performance Measurement Report

RECOMMENDATION

Accept the District's annual Performance Measurement Report for 2015.

EXECUTIVE SUMMARY

NSD staff has prepared the sixth annual report on the District's key performance indicators. The report is structured around the Effective Utility Management (EUM) framework for evaluating water and wastewater utilities. EUM was developed cooperatively with the US EPA, Water Environment Federation, American Water Works Association, American Public Works Association, National Association of Clean Water Agencies, other professional associations, and professional utility managers from the water and wastewater sectors. NSD staff has evaluated EUM and believes that it is applicable and highly relevant to the Napa Sanitation District.

EUM has identified ten attributes of effectively managed water sector utilities. It is intended that focusing on these ten attributes will help utilities maintain a balanced focus on all important areas of water and wastewater utility management. The performance measurement report has been divided into those ten attributes:

1. Product Quality
2. Customer Service
3. Employee and Leadership Development
4. Operational Optimization
5. Financial Viability
6. Infrastructure Stability
7. Operational Resiliency
8. Community Sustainability

9. Water Resource Adequacy
10. Stakeholder Understanding & Support

For each of the ten attributes, there are a number of quantitative and some qualitative measures that show how the District is performing.

Changes from the prior year's report include:

- | **Separate ratings for the year and the long-term trend** - In prior reports, a single rating was used to characterize both the current year and the long-term trend. This report establishes a separate rating for the year and for the long-term trend. This allows for better clarity regarding the rating, and shows whether a single year's rating may differ from its trend rating.
- | **Volume of Sewage Overflows** - The measure was changed from "volume per 100 miles" to "volume per 1,000 capita" to align with the State's reporting and comparisons for the region and the state. (page 18)
- | **Service Call Response Times** in the Collection System were rated "watch" in the 2015 report because the percentage of calls responded to within 30 minutes has been decreasing over time, from 77% in 2011 to 65% in 2015, while the average response rate has risen to 32 minutes, which is longer than the 30 minute goal. (page 24)
- | **Revenue-to-Expense Ratio** - This ratio has been negative and trending down since FY 2009/10, indicating that the District has been using its reserves to pay for expenses. While this can be acceptable in the short term, if planned, a long-term trend is not sustainable. This measure was rated "unsatisfactory" for the year, with a "watch" for the 10-year trend. This concern has been addressed with the recent adoption of new rates. (page 36)
- | **Rates Based on Life-Cycle Cost** - The sewer service charge rates, if continued to be increased by CPI annually, were projected to be only 84% of the calculated "life-cycle based" rate. That rate is a calculation based on various assumptions for asset replacement, and is not calculated based on adopted Capital Plan, so it has significant limitations. But the measure does indicate that the rate needs to be evaluated for its ability to keep up with costs. This concern has been addressed with the recent adoption of new rates for the next five years. (page 42)
- | **Sewer Main Condition Assessment** - This measurement dropped into the "watch" category, as the District failed to meet the performance goal for 2015. (page 45)
- | **Lower Sewer Lateral Renewal & Replacement** - This is the measure of lateral rehabilitations completed by in-house staff. The rating increased to "satisfactory" in 2015, as the staff successfully installed liners to meet its goal. (page 48)
- | **Insurance Claims** - The rating for this measurement dropped to "unsatisfactory" as there were both increased numbers and increased severity of claims in 2015. (page 56)
- | **Influent Pump Station** - Both the measurements for "Uptime for Pumps at IPS" (page 61) and "Resiliency Under Emergency Conditions: Critical Parts and Equipment Resiliency" improved from "unsatisfactory" in 2014 to "satisfactory" in 2015 with the completion of the new Influent Pump Station.
- | **Stakeholder Satisfaction** and **Internal Benefits from Stakeholder Input** were removed as performance measures from the report, as there has not been any data collected for these measures in the past six years.

Overall, most of the indicators are positive and show the District is performing optimally. However, the most significant area for improvement is the Financial Viability attribute related to rates and revenue-to-expenditure ratio, in the Infrastructure Stability attribute related to sewer assessment, and in the Operational Resiliency attribute related to claims.

At the beginning of the report, there is an executive summary and a summary of measures and ratings. This is followed by more detailed descriptions, analysis and charts for each of the specific measures.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

None.

BACKGROUND AND DISCUSSION

None.

SUPPORTING DOCUMENTS

- A . Presentation
- B . 2015 Performance Measurement Report

Napa Sanitation District: Approve

Reviewed By: Jeff Tucker